

STATEMENT OF CONSIDERATIONS

REQUEST BY CATERPILLAR, INC. (CATERPILLAR) FOR AN ADVANCE
WAIVER OF DOMESTIC AND FOREIGN PATENT RIGHTS UNDER DOE
COOPERATIVE AGREEMENT NO. DE-FC07-01ID14242; W(A)-02-012;
CH-1096

The Petitioner, Caterpillar, Inc, has requested a waiver of domestic and foreign patent rights for all subject inventions arising from its participation under the above referenced cooperative agreement entitled "Virtual Welded-Joint Design Integrating Advanced Materials and Processing Technology."

The objective of this cooperative agreement is to integrate multiple models for high performance weld joint design, including a weld thermo-fluid model, a weld micro-structural model, a weld material property model, weld structural model, and a weld fatigue model.

The total anticipated cost of the cooperative agreement is about \$1.5 million, with the Petitioner providing \$752K, for about fifty percent (50%) cost sharing. This waiver is contingent upon the Petitioner maintaining, in aggregate, the above cost sharing percentage over the course of the agreement.

As noted in its waiver petition, Petitioner has considerable experience in manufacturing research and development, including significant competence in laser welding and cutting, arc welding automation and control, process simulation, and structural and weld joint design. Petitioner states that it is the world's largest manufacturer of construction and mining equipment, diesel and natural gas engines, and industrial gas turbines and has invested more than \$649 million in research and development in 2000. Petitioner also states that it has made significant investments in the research and development of manufacturing technologies related to welding, structural performance, and structural design and that it possess some of the most modern manufacturing technology research facilities in the world. Considering Petitioner's technical expertise, established market position, and significant investment in this technology including sizable cost sharing in this cooperative agreement, it is reasonable to conclude that Petitioner will continue to develop and ultimately commercialize the technology and products which may arise from this cooperative agreement.

Petitioner has agreed that this waiver shall be subject to the march-in and preference for U.S. industry provisions, as well as the U.S. Government license, comparable to those set out in 35 U.S.C. 202-204. Further, Petitioner has agreed to the U.S. competitiveness provisions as attached to this Statement. In brief, Petitioner

has agreed that products embodying intellectual property developed under this agreement shall be substantially manufactured in the United States, and that Petitioner will not license, assign or otherwise transfer any waived invention to any entity unless that entity agrees to these same requirements. Additionally, Petitioner has agreed to contractor data licensing provisions as attached herein.

Referring to item 10 of the waiver petition, granting this waiver is not anticipated to have any adverse impact on competition. Petitioner, is only one of several large competitive manufacturers of heavy machinery and diesel engines. The success of this cooperative agreement can be expected to stimulate further investment and competition in this technology.

Considering the foregoing, it is believed that granting this waiver will provide Petitioner with the necessary incentive to invest its resources in the commercialization of the results of the cooperative agreement in a fashion which will make the above technology available to the public in the shortest practicable time. Therefore, upon evaluation of the waiver petition and in view of the objectives and considerations set forth in 10 CFR 784, all of which have been considered, it is recommended that the requested waiver be granted.

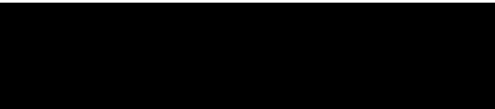


Daniel D. Park
Assistant Chief Counsel
Office of Intellectual Property Law

Date: 5/1/02

Based upon the foregoing Statement of Considerations and representations in the attached waiver petition, it is determined that the interests of the United States and the general public will best be served by a waiver of patent rights of the scope described above, and therefore the waiver is granted. This waiver shall not apply to any modification or extension of the cooperative agreement, where through such modification or extension, the purpose, scope or cost of the cooperative agreement has been substantially altered.

CONCURRENCE:



Marsha Quinn
Director, Office of Industrial
Cross-cut Technologies
EE-20

Date:

8/1/02

APPROVAL:



Paul A. Gottlieb
Assistant General Counsel
for Technology Transfer and
Intellectual Property

Date:

8-7-02

WAIVER ACTION - ABSTRACT
W(A)-02-012

REQUESTOR

Caterpillar

CONTRACT SCOPE OF
WORK

Development of multiple
models for high performance
weld joint design

RATIONALE FOR DECISION

50% cost sharing

(t) U. S. Competitiveness

The Contractor agrees that any products embodying any waived invention or produced through the use of any waived invention will be manufactured substantially in the United States unless the Contractor can show to the satisfaction of the DOE that it is not commercially feasible to do so. In the event the DOE agrees to foreign manufacture, there will be a requirement that the Government's support of the technology be recognized in some appropriate manner, e.g., recoupment of the Government's investment, etc. The Contractor agrees that it will not license, assign or otherwise transfer any waived invention to any entity unless that entity agrees to these same requirements. Should the Contractor or other such entity receiving rights in the invention undergo a change in ownership amounting to a controlling interest, then the waiver, assignment, license, or other transfer of rights in the waived invention is suspended until approved in writing by the DOE.

Rights in Data - General (JUN 1987), is amended by adding paragraph (k) as follows:

(k) Contractor Licensing. Except as may be otherwise specified in this contract as data not subject to this paragraph, the contractor agrees that upon written application by DOE, it will grant to the Government and responsible third parties, for purposes of practicing a subject of this contract, a nonexclusive license in any limited rights data or restricted rights software on terms and conditions reasonable under the circumstances including appropriate provisions for confidentiality; provided, however, the contractor shall not be obliged to license any such data if the contractor demonstrates to the satisfaction of the Secretary of Energy or designee that:

(1) Such data are not essential to the manufacture or practice of hardware designed or fabricated, or processes developed, under this contract;

(2) Such data, in the form of results obtained by their use, have a commercially competitive alternate available or readily introducible from one or more other sources;

(3) Such data, in the form of results obtained by their use, are being supplied by the contractor or its licensees in sufficient quantity and at reasonable prices to satisfy market needs, or the contractor or its licensees have taken effective steps or within a reasonable time are expected to take effective steps to so supply such data in the form of results obtained by their use; or

(4) Such data, in the form of results obtained by their use, can be furnished by another firm skilled in the art of manufacturing items or performing processes of the same general type and character necessary to achieve the contract results.